

# **Fiscal Services Division**

## **Legislative Services Agency**

### **Fiscal Note**

---

HF 623 - Ethanol 85 & Biodiesel Program (LSB 2837 HV)  
Analyst: Debra Kozel (Phone: (515) 281-6767) (deb.kozel@legis.state.ia.us)  
Fiscal Note Version - New

---

#### **Description**

House File 623 creates a Renewable Fuel Infrastructure Cost Share Program that will be administered by the Department of Economic Development (DED). Within the Program, there will be an E-85 (85.0% gasoline and 15.0% blended fuel) Infrastructure Cost Share Fund to pay for up to 50.0% of the cost of installation or conversion of gas pumps to sell E-85 blended gasoline. A second fund, the Biodiesel Infrastructure Cost Share Program, is created to pay for up to 50.0% of the cost to install or convert off-site terminal storage and blending facilities to store and distribute biodiesel fuel to service stations.

#### **Background**

The Bill provides financial incentives to encourage Iowa distributors to sell E-85 gasoline and biodiesel fuel. Iowa has six operating ethanol plants with an additional nine plants in the development stages. There are two biodiesel plants in Iowa with an annual capacity of 3.0 million gallons per year. The minimum goal of the legislation is to build 30 additional E-85 gasoline outlets and four biodiesel blending stations in a three-year period.

#### **Assumptions**

1. The Bill specifies the DED reserve \$325,000 of the annual appropriation to the Department for the Renewable Fuel Infrastructure Cost Share Program for FY 2006 through FY 2008 and specifies the funds are not to be used for administering the Program.
2. The DED will absorb the cost to administer the Program within their current operations budget.

#### **Fiscal Impact**

The fiscal impact of HF 623 is an increase in expenditures of \$325,000 for FY 2006 through FY 2008.

#### **Source**

Department of Economic Development

/s/ Holly M. Lyons

---

March 15, 2005

---

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

---